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2 authors:

Anil Kumar Soni
Government V.Y.T.PG. Autonomous College Durg

H.P. Singh Saluja
Government V.Y.T.PG. Autonomous College Durg

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FINANCIAL RATIO ANALYSIS OF DCC BANK LIMITED RAJNANDGAON

A CASE STUDY

ANIL KUMAR SONI[1] & HARJINDER PAL SINGH SALUJA[2]

[1]Research Scholar, Govt. V.Y.T. Auto. PG College Durg, Chhattisgarh, India

[2]Professor, Govt. V.Y.T. Auto. PG College Durg, Chhattisgarh, India

ABSTRACT

District Central Cooperative Bank plays a vital role in the agriculture and rural development of the Rajnandgaon. The DCC Bank has more reached to the rural area of Rajnandgaon, through their huge network. The DCC Bank Rajnandgaon acts as intermediaries between State Cooperative Bank (Apex Bank) and Primary Agriculture Cooperative Societies (PACSs). The success of cooperative credit movement in a district is largely depends on their financial strength. DCC Bank is a key financing institution at the district level which shoulders responsibility of meeting credit needs of different types of cooperatives in the district. At present, most of the district central cooperative banks are facing the problems of overdue, recovery, nonperforming assets and other problems. Therefore, it is necessary to study financial ratios of DCC Bank Rajnandgaon. This paper attempts to analyze the financial ratios of DCC Bank Rajnandgaon during the period 2008-2009 to 2010-2011. An analytical research design (Financial Ratio Analysis) is followed in the present study. The study is based on secondary data. Empirical results show positive and sufficient growth of DCC Bank Rajnandgaon. The liquidity and solvency position of the bank was found to be sound.

KEYWORDS: Financial Ratios, Ratio Analysis, District Central Cooperative Bank, Liquidity Ratios, Solvency Ratios, Profitability Ratios, Efficiency Ratios

INTRODUCTION

Rajnandgaon is agricultural based district and its maximum population stays in rural area. The central cooperative bank occupies a position of cardinal importance in the cooperative credit structure. The DCC bank has plays an important role in agricultural financing. It provides various types of loans taking into account needs of the farmers. The introduction of the cooperative credit societies Act in 1904 for providing production credit to farmers marked the beginning of the institutionalization of cooperative banking system in India. The act of 1904 was amended in 1912 to facilitate the establishment of central cooperative banks at the district level, there by giving it a three tier federal character. The first Central Cooperative Bank was registered in Uttar Pradesh in 1906 as a primary society. In Rajasthan the first DCC Bank was started in 1910 at Ajmer. The period from 1906 to 1918 may be called, the period of origin of DCC Banks in India. After independence of the country, the recommendations of the **A.D. Gorwala Committee (1954)** one central cooperative bank for each district. The DCC Bank Rajnandgaon is most important bank who plays a vital role in the improvement and development of cooperative movement in a particular district.

REVIEW OF LITERATURE

A review of literature connected with the working and performance of financial institutions in India and abroad was done, and is presented under the Performance Evaluation through Ratio Analysis. Some of the related literatures of reviews are as follows.

Hosamani (1995) used various ratios to evaluate the performance of Malaprabha Grameena Bank in Karnataka. Profitability ratios were negative (-43%) due to higher burden ratio (3.11%) compared to spread (2.96%).

Pathania and Sharma (1997) studied the working of Himachal Pradesh State Cooperative Agricultural and Rural Development Bank, which lends money on a long term basis for a variety of end users. The financial durability of the bank was measured and data were presented on the long –term financial strength, debt to equity ratio, fixed assets to net worth ratio, the short- term financial performance, and the current ratio. It was concluded that the financial position of the bank was not sound, with liabilities exceeding equity.

Shekhar et al. (1999) employed financial ratio analysis for the Karimnagar District Central Cooperative Bank in Andhra Pradesh, India. Financial ratios relating to solvency, liquidity, profitability, efficiency and strength of the bank were analysed for the period 1985/86-1994/95.

Siddhanti (1999) used various financial ratios to analyze financial performance of Indian Farmers Fertilizers Cooperative and opined that the current ratio of the institution between 1987-88 and 1997-98 was ranging from 2.62 to 2.52 as against the standard norm of 2:1. The debt equity ratio during the period was between 1.05 and 1.07 as against standard norm of 1:1.

Patil (2000) used various financial ratios to evaluate the performance of Primary Cooperative Agricultural and Rural Development Banks in Dharwad district of Karnataka. The study revealed that the current ratio was more than unity and acid-test ratio was less than unity, while the net worth and profitability ratios were negative for all the banks in all the periods except for PCARDB, Dharwad.

Deepak (2004) evaluated the financial viability of two primary agricultural cooperative societies (PACS) in Kolhapur district, Maharashtra, India, using data covering seven years after (1992-98) and seven years before (1985-91) the economic reforms. The two PACS selected represent class A and B societies, respectively. Results showed a reduction in the operational efficiency of the selected PACS during the post-reform period compared to the pre-reform period. The selected PACS showed a decline in their current liquidity ratio, rate of return on assets, return on owner's equity, and marginal efficiency of capital.

OBJECTIVES OF STUDY

- To analyze the financial ratios of the DCC Bank Rajnandgaon.
- To evaluate the ratios contributing to financial performance of the bank
- To offer suggestions helpful in improving functions on the basis of conclusion.

HYPOTHESIS OF STUDY

DCC Rajnandgaon is an important bank of Rajnandgaon as far as its role in agricultural credit and rural development of Rajnandgaon is concerned. The financial management of the bank is effective.

PROBLEMS OF STUDY

- First and important problem of the research work is analysis of financial ratios.
- Information from the DCC Bank Rajnandgaon was difficult to be obtained.
- Frequent number of visit was made to DCC Bank Rajnandgaon to collecting data.

SIGNIFICANCE / IMPORTANCE OF STUDY

The research study is significant to analyze financial ratios of DCC Bank Rajnandgaon. The results/ findings of the present study are useful to the policy planners in their efforts to improve the working of the DCC Bank Rajnandgaon.

SCOPE AND LIMITATIONS OF STUDY

- The information is collected from DCC Bank Rajnandgaon only.
- The study is consider only financial ratio analysis other factors ignored.
- Findings may not always be relevant to other district in the state / country.

AREA OF STUDY

The study is based on the financial ratios of DCC Bank Rajnandgaon. Therefore, study covers Rajnandgaon District to the fulfillment of objectives of the study.

PERIOD OF STUDY

For collection of the secondary data on financial ratios of the DCC Bank Rajnandgaon, three years i.e. from 2008-2009 to 2010-2011 were taken as the reference period.

RESEARCH METHODOLOGY

The financial ratios of the DCC Bank Rajnandgaon have been analyzed with the help of parameters. **Analytical Techniques / Tools Employed-** Ratio Analysis was undertaken with a view to studying financial performance related to the bank. The financial ratio analysis was considered to be an effective tool in providing bird's eye view of the performance of a business organization. The financial ratio represents the relationship between two accounting figures expressed mathematically. Ratio analysis technique is popular in the accounting system and helps in spotting the strengths and weakness of an enterprise. The ratios relating to liquidity, solvency, strengthen; profitability and efficiency of the bank have been analyzed.

METHOD OF DATA COLLECTION / SOURCE OF DATA

The present study is based on the analytical method. The study is mainly based on secondary data which is collected, compiled and calculated from annual reports and records of the DCC Bank Rajnandgaon. This data was subjected to rigorous financial Ratio Analysis. Other related information collected from journals, conference proceedings and websites.

INTERPRETATION OF DATA

The secondary data have been tabulated in a suitable sheet prepared for the purpose. Analyzing and interpreting the collected data, summary has been drawn.

PROFILE OF THE BANK

The District Central Cooperative Bank Ltd Rajnandgaon established/ registered on 3rd December 1974 (Registration No. 141/03.12.1974) as a central financing agency of PACS, with the avowed purpose of catering the agricultural credit needs of the farmers in the district; having 23 Agriculture Branches, 5 Deposit Branches and 135 PACS as its members functioning at block/ village level. The 203 fertilizer center, 436 fair value shop and 165 paddy purchase

center operates by bank. Bank owns 333 godowns having storage capacity of 31950 MT. The Bank has its head office at Rajnandgaon, it covers District Kabirdham also. No branch has been opened/ closed during the reference period.

OBJECTIVES OF THE BANK

- To meet the short and medium-term credit requirements of member societies and other affiliated societies in district.
- To collect deposits and arrange funds for the purpose of lending.
- To implement the credit policy and programmes of Govt. and NABARD and to provide various banking facilities to the member societies as well as to customers.
- To supervision, guide and control the working of affiliated societies in a district.

CONTRIBUTION OF THE BANK IN IMPLEMENTATION OF GOVT. SCHEMES

The bank has taken active participation in implementing various government schemes of rural and agricultural development. Some of these are -

- **Farmer's Club**- The bank has been taking keen efforts to establish farmer's club, up to 31-3-2011, 88 clubs established.
- **Improvement of Self Help Group-** The bank improves women self help group, up to 31-03-2011, 4562 SHGs improved.
- **National Agriculture Insurance Scheme-** The bank provides crop insurance with loan distribution, 220574 farmers get the benefit during year 2011.
- **Sankat Haran Beema Yojana-** IFFCO sponsors this scheme, under this scheme bank provides 4000/- per bag (up to 25 bags) insured amount in the condition of death of farmer during year.
- **Interest Subsidy Scheme-** Farmers get benefit of interest subsidy by State and Central Govt., 135259 farmers benefited during year 2010-2011.

SHARE CAPITAL OF THE BANK

The Authorized Share Capital of the DCC Bank Rajnandgaon is Rs. 30 Crores, whereas the paid-up share capital is Rs. 263742306 which is contributed by Govt. of Chhattisgarh Rs. 13300000, Primary Agriculture Cooperative Societies Rs 250433116 and Nominal Members Rs. 9190.

FINANCIAL RATIO ANALYSIS OF THE BANK

Ratios are important tools to analyze the performance of any business organizations. Relevant financial ratios were worked out for the DCC Bank Rajnandgaon, viz., Liquidity, Solvency, Strengthen, Profitability and Efficiency ratios.

Liquidity Ratios

Liquidity Ratios are used to measure the ability of the bank to possess adequate cash to meet immediate obligations. These ratios indicate the ability of the bank to operate continuously.

Current Ratio

This ratio measures the degree of short term liquidity of the bank. It indicates whether the current assets are sufficient to meet the current liabilities. It is generally believed that a good current ratio should be between 1.5:1 and 2:1. Generally, higher the value of this ratio, greater will be the margin and financial solvency of the bank.

Current Ratio = Current Assets / Current Liabilities

The current assets included in this study were cash in hand, balance with other banks (current account only), short term loan-advances and bills receivables, interest receivable, sundry debtors. The current liabilities included deposit (current account only), short term borrowings (cash credit overdraft), interest payable, sundry creditors, bills payables and other short term liabilities.

Liquid Assets to Total Assets Ratio

The degree of liquidity performance adopted by the bank is depicted by this ratio.

Liquid Assets to Total Assets Ratio = Liquid Assets / Total Assets

The liquid assets included cash in hand and balance with other banks (current account only). Total assets included cash in hand, balance with other banks, investment, loan and advances, fixed assets and other assets.

Acid Test Ratio

This ratio is called quick ratio or near money ratio. This represents the ratio between quick assets and current liabilities and computed as follows

Acid Test Ratio = Quick Assets / Current Liabilities

The quick assets included cash in hand and balance with other banks (current account only). The current liabilities included deposit (current account only), interest payable, sundry creditors, bills payables and other short term liabilities. Excluded short term borrowings (cash credit overdraft)

Credit Deposit Ratio

This ratio is the difference between the total loan-advances and total deposits.

Credit Deposit Ratio = Total Loan and Advances / Total Deposit

Solvency Ratios

These ratios indicate banks involvement in the total resources and provide basis for measuring leverage ratio. These ratios indicate the ability of the bank to meet its medium as well as long term obligations and also provide the basis for measuring the leverage effect on the bank. The various ratios employed were as follows:

Debt-Equity Ratio

This ratio is called ‘leverage ratio’. This compares the banks stake in the business with outside term liabilities. Lower value of the ratio indicates that the leverage effect will be restricted to the minor role of debt and major capital being equity, the bank is supposed to be trading on thick equity.

Debt Equity Ratio = Long Term Liabilities / Net Worth

In the above ratio, debt represents only long term liabilities and not current liabilities (deposit- fixed, saving),

while equity refers to net worth after deducting intangible assets. Net worth includes statutory reserves, capital reserves, profits and other reserves and share capital.

Indebtedness Ratio

The ratio indicates the amount owed by the bank to creditors. The ratio reflects the solvency position of the bank in a better way. The lower the ratio, the better is the solvency position.

Indebtedness Ratio = Total Liabilities / Net Worth

The total liabilities included statutory reserves, capital reserves, revenue reserves, deposit, borrowings, contingent liabilities, other liabilities and share capital.

Fixed Assets to Net-Worth Ratio

Fixed Assets to Net-Worth Ratio = Fixed Assets / Net Worth

The fixed assets included balance with other banks (Fixed deposit account only), investment, long-term loan and advance, building and furniture. Fixed assets are considered at their book values (cost less depreciation)

Tests of Strength

This test provides a basis to know the real worth of the Bank. The term net worth refers to the owned funds employed in the business.

Net Worth

It indicates what the bank owes to the owners of the business. It measures the excess of assets over outside liabilities, which indicates the soundness of the bank.

Net Worth = Total Assets – Total liabilities (Outside/ External)

Net Capital Ratio

The ratio indicates the degree of liquidity of the bank in the long run. It measures the degree of availability of assets to payoff the long term liabilities. This ratio indicates the relationship between total assets and liabilities of the bank. This ratio would throw light on the real financial strength of the bank.

Net Capital Ratio = Total Assets / Total liabilities (Outside/ External)

Profitability Ratios

These ratios were used to compare the return to the investment. Following were the important ratios computed. This ratio provides a fairly sound method of diagnosis of the financial status and overall efficiency of the Bank. It indicates the profitability of the investment and credit given by the bank.

Net Profit to Total Assets Ratio

This is ratio of profit on total assets of the bank and their employment. An increasing trend over the years indicates the overall efficiency of the bank.

Net profit to Total Assets Ratio = Net Profit / Total Assets

Net Profit to Net Worth Ratio

The ratio of net profit to net worth shows whether profitability is being maintained or not.

Net Profit to Net Worth Ratio = Net Profit / Net Worth

Net Profit to Fixed Assets Ratio

The ratio indicates whether the fixed assets are being used profitability. A decline in the ratio shows that either the assets are being kept idle or the business conditions are bad.

Net Profit to Fixed Assets Ratio = Net Profit / Fixed Assets

Efficiency Ratios

This test provides a clear picture of financial efficiency of the bank. It indicates the profits for every rupee spent. Four ratios were adopted to assess the efficiency of the bank, viz., Gross Ratio, Operating Ratio, Management Ratio and Establishment Ratio.

Gross Ratio

This ratio helps to ascertain how efficiently the gross income of the bank was earned. The ratio was computed as follows.

Gross Ratio = Total Expenses / Gross Income

The gross income included interest and discount, commission and brokerage and other income. The total expenses included interest, salary, allowance, rent, legal expenses, audit expenses and other provisions.

Operating Ratio

This ratio indicates the proportion of gross income being used for meeting the operating expenses. An increase in the ratio indicates a decline in the efficiency of the bank.

Operating Ratio = Operating Expenses / Gross Income

The operating expenses included interest, salary; allowances, provident fund contribution, rent, legal expenses, audit expenses and other expenses (excluded provisions)

Management Ratio

This ratio indicates the proportion of gross income being used for meeting the management expenses. An increase in the ratio indicates a decline in the efficiency of the bank.

Management Ratio = Management Expenses / Gross Income

The management expenses included salary; allowances, provident fund contribution, rent, legal expenses, audit expenses and other expenses (excluded provisions)

Establishment Ratio

This ratio indicates the proportion of gross income being used for meeting the establishment expenses. An increase in the ratio indicates a decline in the efficiency of the bank.

Establishment Ratio = Establishment Expenses / Gross Income

The establishment expenses included salary, allowance and provident fund contribution.

KEY FINANCIAL PARAMETERS / INDICATORS OF THE BANK

Table 1 presents the key financial parameters and indicators of bank for the year 2008-2009 to 2010-2011 for the computation financial ratios.

Table 1: Key Financial Parameters / Indicators of DCC Bank Rajnandgaon

Key Financial Parameters	2008-2009	2009-2010	2010-2011
Current Assets	1120458511.64	889147204.15	1231670391.04
Current Liabilities	445585695.44	607410967.08	711677211.21
Liquid Assets	142182021.85	179311634.79	363473005.50
Total Assets	3131582951.76	3597945555.53	4364415276.75
Quick Assets	142182021.85	179311634.79	363473005.50
Current Lib (Excl. Short Borrow)	175586320.44	227410967.08	207677211.21
Loan and Advance	1477538495.60	1759917866.52	1560771794.56
Deposit	2295188311.68	2488324665.10	2987505638.35
Long Term Liabilities	2197143714.05	2380854970.13	2878821616.65
Net Worth	473819156.04	609508020.32	756064633.64
Total Liabilities	3131582951.76	3597945555.53	4364415276.75
Total Liabilities (Outside)	2657763795.72	2988437535.21	3608350643.11
Fixed Assets	1512427292.25	1646585309.34	2433720994.77
Net Profit	33443066.70	41624327.28	83987726.05
Total Expenses	205042833.02	240351525.72	262084822.27
Gross Income	238485899.72	281975853.00	346072548.92
Operating Expenses	175727833.02	212851525.72	238959822.27
Management Expenses	71484897.11	77923649.52	86353434.44
Establishment Expenses	32171150.44	47035251.59	61958119.56

Source: DCC Bank Rajnandgaon- Annual Reports. (Figures in Rupees)

FINANCIAL RATIOS OF THE BANK

The ratios relating to liquidity, solvency, strengthen; profitability and efficiency of the bank have been analyzed and computed, the ratios presented in **Table 2 to Table 6.**

Table 2: Liquidity Ratios of DCC Bank Rajnandgaon

No.	Year	Current Ratio	Liq. Asst Total Asst	Acid Test	Credit Deposit
1	2008-09	2.51	0.045	0.809	0.644
2	2009-10	1.46	0.049	0.788	0.707
3	2010-11	1.73	0.083	1.750	0.522

Source: Compiled from DCC Bank Rajnandgaon- Annual Reports.

Table 3: Solvency Ratios of DCC Bank Rajnandgaon

No.	Year	Debt-Equity Ratio	Indebtedness Ratio	Fixed Assets to Net-worth
1	2008-09	4.64	6.61	3.19
2	2009-10	3.91	5.90	2.70
3	2010-11	3.81	5.77	3.22

Source: Compiled from DCC Bank Rajnandgaon- Annual Reports.

Table 4: Indicators of Strength of DCC Bank Rajnandgaon

No.	Year	Net Worth in Rupees	Net Capital Ratio
1	2008-09	473819156.04	1.18
2	2009-10	609508020.32	1.20
3	2010-11	756064633.64	1.21

Source: Compiled from DCC Bank Rajnandgaon- Annual Reports.

Table 5: Profitability Ratios of DCC Bank Rajnandgaon

No.	Year	Net Pro. to Total Asst.	Net Pro. to Net-Worth	Net Pro. to Fixed Asst.
1	2008-09	0.010	0.071	0.022
2	2009-10	0.011	0.068	0.025
3	2010-11	0.019	0.111	0.035

Source: Compiled from DCC Bank Rajnandgaon- Annual Reports.

Table 6: Efficiency Ratios of DCC Bank Rajnandgaon

No.	Year	Gross Ratio	Operating Ratio	Mgt. Ratio	Est. Ratio
1	2008-09	0.86	0.74	0.30	0.13
2	2009-10	0.85	0.75	0.28	0.17
3	2010-11	0.76	0.69	0.25	0.18

Source: Compiled from DCC Bank Rajnandgaon- Annual Reports.

RESULTS AND DISCUSSIONS

In accordance with the objectives of the study, the data collected from reports and records were analyzed and interpreted. Financial ratios explain the ultimate financial position of the bank. For this purpose, financial ratios were worked out and presented in **Table 2 to Table 6** which are discussed here and the results of the study are presented as under.

Liquidity Ratios

These ratios were computed to measure the ability of the bank to meet its short term obligations out of its own short term resources. Liquidity ratios were worked out to study financial soundness of the bank. The results for liquidity ratios are presented in **Table 2.**

Current Ratio

The current ratio has been regarded as an important barometer of the liquidity position of any business concern. The current ratio was found to be more than one for all the periods, and fluctuated over the years. The ratio was highest for the year 2008-2009 (2.51) and lowest for the year 2009-2010 (1.46). As this ratio actually shows satisfactory trend it could be concluded that the bank had maintain a reasonable level of the liquidity position, had sufficient current assets to meet the current liabilities.

Liquid Assets to Total Assets Ratio

The ratio was less than one during the entire study period. The year 2010-2011 showed the largest ratio (0.083) followed by 2009-2010 (0.049). The ratio was least in 2008-2009 (0.045). Maintained high level of liquid assets in the form of cash reserves above the norms prescribed by the RBI, which adversely affected its profitability. The ratio in the present case indicates that the bank has been efficiently managing the liquid assets.

Acid Test Ratio

The magnitude of the ratio was largest in 2010-2011 (1.75) and lowest in 2009-2010 (0.788). This ratio has been regarded as a refined measure of liquidity and is able to assess how liquid the bank would be if the business operations come to an abrupt halt.

Credit Deposit Ratio

The scale of the ratio was largest in 2009-2010 (0.707) and lowest in 2010-2011 (0.522). This credit deposit ratio indicated that the bank had taken positive steps for mobilizing deposit.

Solvency Ratios

Three types of ratios were computed to ascertain the solvency position of the bank. They are presented in **Table 3.**

Debt Equity Ratio

It represents the ratio of long term borrowed funds to owner's capital. The ratio registered highest for the year 2008-2009 (4.64) followed by 2009-2010 (3.91). The ratio was lowest in 2010-2011 (3.81).

Indebtedness Ratio

As the table reveals, the year 2008-2009 registered the highest (6.61). The ratio was lowest in 2010-2011 (5.77). This ratio indicates the extent of liabilities (in rupees) per rupee of owned funds. This indicates that the bank heavy depend on the external funds. The prescribed form is 3:1, but even the ratio was not within the prescribed norm, shows that the banks inability to cover its liabilities.

Fixed Assets to Net Worth Ratio

As the table discloses, the year 2010-2011 registered the highest (3.22). The ratio was lowest in 2009-2010 (2.70). This indicates that the bank better fixed Assets position. A higher ratio is associated with the problems of liquidation because the claim of the owner has to be met by the sale of fixed assets which are in non liquid form.

Tests of Strength

Net worth and net capital ratios assess the strength of the bank, which are presented in **Table 4.**

Net Worth

The net worth position of the bank was positive. The net worth amount was highest in 2010-2011 (Rs.756064633.64) and lowest in 2008-2009 (Rs.473819156.04). Net worth is the difference between the assets and liabilities of the bank. A large positive net worth indicates a favorable situation for the bank.

Net Capital Ratio

As the table reveals, the year 2010-2011 registered the highest (1.21). The ratio was lowest in 2008-2009 (1.18). It indicated that the assets of the bank were sufficient to cover its liabilities. The net capital ratio indicates the degree of liquidity of the bank in the long run.

Profitability Ratios

Profitability ratios were used to analyze the financial health of the bank. The profitability ratios are used to study the overall efficiency of any business organization. Profit is measure of efficiency and is the key to survival and expansion of an organization. The results are presented in **Table 5.**

Net Profit to Total Assets Ratio

The ratio was positive and increased year by year. As the table reveals, the year 2010-2011 registered the highest (0.019). The ratio was lowest in 2008-2009 (0.010). This indicated that the profit level was very low relation to total assets of the bank.

Net Profit to Net Worth Ratio

The ratio shows the rate of return on the equity capital of the bank. The year 2010-2011 registered the maximum positive ratio (0.111), whereas the year 2009-2010 registered the least positive ratio (0.068). It indicated that the overall performance was low; profit level was very low relation to net worth of the bank.

Net Profit to Fixed Assets Ratio

The ratio was positive for all the years, and showed a progressive trend over the study period. It was found to be highest in 2010-2011 (0.035) and lowest in 2008-2009 (0.022).

Efficiency Ratios

Table 6 presents the efficiency ratios computed in the study. It indicated that the expenses were less than the gross income for all the years during study period.

Gross Ratio

The gross ratio of bank was found to be positive and decreasing over the years. The year 2008-2009 registered the highest (0.86). The ratio was lowest in 2010-2011 (0.76).

Operating Ratio

The operating ratio of bank was found to be positive, the year 2008-2009 registered the highest (0.74). The ratio was lowest in 2010-2011 (0.69).

Management Ratio

The management ratio of bank was found to be positive and decreasing over the years. The year 2008-2009 registered the highest (0.30). The ratio was lowest in 2010-2011 (0.25).

Establishment Ratio

The establishment ratio of bank was found to be increasing over the years. The year 2010-2011 registered the highest (0.18). The ratio was lowest in 2008-2009 (0.13).

SUMMARY OF STUDY (FINDINGS)

- The current ratio was found to be more than one for all the periods, and fluctuated over the years. As this ratio actually shows satisfactory trend it could be concluded that the bank had maintain a reasonable level of the liquidity position. Liquid Assets to Total Assets Ratio indicates that the bank has been efficiently managing the liquid assets. The credit deposit ratio indicated that the bank had taken positive steps for mobilizing deposit.
- The indebtedness ratio shows that the banks inability to cover its liabilities. Fixed asset to net worth ratio indicates that the bank better fixed Assets position.

- The net worth position of the bank was positive. Net capital ratio was positive for all the years and indicated that the assets of the bank were sufficient to cover its liabilities.
- The net profit to total assets ratio was positive and increased year by year and indicated that the profit level was very low relation to total assets of the bank. The net profit to net worth ratio indicated that the overall performance was low; profit level was very low relation to net worth of the bank. The net profit to fixed assets ratio was positive for all the years, and shows a progressive trend over the study period.
- The efficiency ratio indicates that the expenses were less than the gross income for all the years during study period. The gross ratio of bank was found to be positive and decreasing over the years. The management ratio of bank was found to be positive and decreasing over the years. The establishment ratio of bank was found to be increasing over the years.

PROBLEMS (WEAKNESSES) OF THE BANK

- DCC Bank Rajnandgaon has not succeeded in mobilizing deposits because of severe competition from other banks and financial institutions.
- The DCC Bank Rajnandgaon suffers from heavy over dues.
- It has been noticed that there is unusual delay in the sanction of loans.
- The loan recovery system/ procedure of bank are very poor.
- One of the important defects- management by untrained members.

SUGGESTIONS (RECOMMENDATIONS) FOR IMPROVEMENT OF THE BANK

- The DCC Bank Rajnandgaon should try to increase their deposits by opening branches in business areas, improve the services to clients, introduce different types of deposit schemes and offer competitive rates of interest.
- The DCC Bank Rajnandgaon should change their loan policies.
- The DCC Banks Rajnandgaon should drop a scientific method to recover over dues and must maintain up to date records on daily basis.
- The DCC Bank Rajnandgaon must maintain adequate liquid resources, margin, properly scrutiny of loans and should try to qualitative improvement to the staff.
- Accountability and transparency need to be brought in the implantation of the schemes.

CONCLUSIONS

The DDC Bank had been maintained a reasonable level of solvency position. The financial position of this bank analyzed by ratio analysis techniques and it is found that the position solvency, liquidity and profitability are satisfactory. The efficiency ratios indicated a medium level of the expenditure over the gross income. Profitability of the bank was very low due to the heavy over dues and low rate of recovery. The net worth of DCC Bank was increased year after year. As we analyze the data it shows that DCC Bank Rajnandgaon is working for the 360 degree development of rural area of District. In short we can say that CCB Bank providing rural Rajnandgaon all round assistance and proved to be an institution where **"Growth with Social Justice"** exists. The Govt. of Chhattisgarh awarded DCC bank Rajnandgaon for excellence service and contribution in cooperative development for the year 2011. The DCC bank obtained 79 Marks out of 100 Marks and

achieved **Grade "A**" in Audit Report of Financial Year 2010-2011. CCB Bank plays a major role in rural credit delivery of Rajnandgaon.

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